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Mayor

CITY OF SAN BRUNO
OFFICE OF THE MAYOR

State of the City Address

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Good afternoon. I am very pleased to be here today to participate in this year's Board of Director's Installation Luncheon and to deliver the State of the City address. I would like to congratulate the new San Bruno Chamber of Commerce Board of Directors and thank everyone attending today for your continued support of the San Bruno Chamber of Commerce and our City. I would also like to recognize and thank Skyline College for hosting today's luncheon.

As I have often said, I am the proud Mayor of the wonderful City of San Bruno. I am honored to serve our community as a member of a dedicated team of elected and appointed community representatives and City staff. Our mission and our commitment is to provide the full range of services that you, our business community and our residents need and that you expect to protect and to enhance the community quality of life. My comments this afternoon will showcase the City's important events and achievements of 2012 in the many areas of the City services. Looking forward I also want to focus on some of the significant opportunities on the horizon for 2013.

As you may recall it is just one year ago that our community and others throughout our State faced the significant challenge of the elimination of Redevelopment as a tool for local economic and community development. This situation combined with the sluggish economy and a lack of developer and business sector confidence in the prior few years, lined up the challenges for the year 2012. Doing what we do best here in San Bruno, we continued our focus on making this community a desirable place to be, to live and to do business, we adjusted our budget to the post-redevelopment reality without cutting

services to the development and business community and we focused on completing the Downtown and Transit Corridors Plan to set the stage to implement the community's vision for its future.

Fortunately there was much that happened in 2012 to create optimism. This past year saw our local economy continue to show signs of growth with the City projecting some increases in property taxes, sales taxes and hotel occupancy taxes. Each is an indicator of growth in these important business sectors in our community. Signs of a recovering real estate market emerged throughout the entire community. Both residential and commercial developers are expressing renewed optimism and our Community Development Department is receiving numerous inquiries from developers seeking sites for rehabilitation and new construction and several projects from affordable housing to office uses are in progress.

Setting the stage to take advantage of the development interest and opportunity, we look forward to final approval of the **Transit Corridors Plan**. This is scheduled for the first quarter of this year. This Plan is the result of a multi-year planning effort and it envisions transforming the commercial corridors surrounding the new San Bruno Avenue Caltrain Station into a transit oriented development district. The Plan calls for mixed-use development including multi-family housing, office and retail uses in a pedestrian friendly environment close to transit. The Plan proposes increasing the current 3-story height limit to 5 stories along the corridors and to 7 stories for office uses next to the new train station. Changes to the height limits would require a citywide election and approval by San Bruno registered voters. Once in place, the Plan will give interested developers and others certainty about the interests of the community for its future and provide the platform for this next phase in the community's evolution.

Consistent with the Plan's vision, we are already seeing renewed interest by affordable housing developers in redeveloping some of the sites that have sat vacant or underutilized for some time. An affordable housing developer is exploring the opportunity to redevelop the **Budget Motel** on El Camino Real with multi-family

affordable housing and representatives of the owner of the former **San Bruno Theater** site on El Camino Real recently met with City staff to discuss a mixed-use commercial and residential project. Both of these projects could provide a great start to actual implementation of the Transit Corridors Plan. Both will need a local subsidy to make them a reality and we are hopeful that we can work out some form of public-private partnership in this post-redevelopment era.

Also in the downtown and business areas, **Victory Automotive Group**, which owns and manages over 30 car dealerships, recently purchased Grace Honda and plans to make significant renovations and expansion of the dealership. Victory Automotive Group was also recently issued a use permit to sell pre-owned vehicles at 675 El Camino Real the former location of the Sloat Garden Center. In the **Bayhill Office Park**, a developer is working with our staff toward redeveloping the former **TGIFriday's** Restaurant site to a new office building. Elsewhere in the Office Park, occupancy of the large office buildings continues to be very strong, even exceeding region-wide average occupancy rates. Prominent businesses including YouTube, Walmart.com, Stella and Dot and others continue to keep San Bruno in the news as a desirable business location.

Perhaps most exciting to the City is the emergence of strong development interest in the hotel sector. After more than a decade since the City first set the vision for the **Crossing/San Bruno** project across El Camino from Tanforan, the City is moving forward toward actual development of a **hotel** as the final piece of the overall Crossing project. As a strategic initiative to allow the City to assure development of a hotel project that will best meet the long time community interest for this site, the City took the important step last year to acquire the last vacant parcel at the 20-acre Crossings project, a 1.5-acre site zoned for visitor services. Recognizing the community's desire and need for meeting and banquet space for family events, corporate meetings and other similar activities, the City issued a Request for Proposals to hotel developers. The City has recently received proposals from five qualified development teams to build a high quality, select-service 120-160 room hotel at the Crossing. We are now in the

process of evaluating these proposals and will make the selection of a hotel developer in early 2013. We look forward to working with the selected development team to begin actual construction of the hotel during the coming year with opening planned for 2014.

In the residential sector, looking around town we are seeing progress toward full rehabilitation and remodel of the former Treetops Apartments to the new and modern **Pacific Bay Vistas**. This long awaited project is now in full construction and while experiencing some delays, is still moving toward full completion in 2013 when it will offer 308 new luxury apartments at the top of the hill on the west side of town. **Cedar Mills**, a new 14-unit subdivision at Cedar and Pepper, is nearly complete and the units are selling as quickly as they are released for purchase. On another infill vacant parcel on **Glenview at San Bruno Ave.**, the City has received a planning application for a new 14-unit single-family residential project that we hope to see move forward in the next year.

In order to support new development and continue to position San Bruno for the future, the City is active in constructing infrastructure in several key areas of the community. Caltrain is fast moving toward completion of the construction of the **grade separation** to elevate the Caltrain tracks and create a new modern station on San Bruno Avenue in our downtown. I look forward to reporting on the final completion and opening of this project at this time next year. Over the coming months, this work will focus on construction of the station platforms, walls, stairs, pedestrian tunnels, equipment rooms, elevators and relocating Posy Park. In addition, the City is working closely with Caltrain to assure that the new structure not only enhances the efficiency of the rail system, but that it makes a positive aesthetic statement at the gateway to our community. A beautiful new archway feature will be incorporated into the design. Seeing the train station and this decorative feature, visitors traveling on San Bruno Avenue will know right away that they are somewhere special as they arrive in San Bruno.

Elsewhere throughout the City, we continue to work toward revitalizing our public infrastructure. This year we completed the reconstruction of landscape in six **median**

islands along El Camino Real. The final phase of median reconstruction is now in process along the El Camino Real along with the start of reconstruction work on the San Bruno Avenue medians between Interstate 280 and El Camino Real. The fresh, new landscaping is designed with drought tolerant and minimum maintenance plants to provide a long-lasting improvement to the central core of our community.

Less visible, but even more critical to the community's overall well-being is our work to complete replacement and rehabilitation of the aging **water and sewer system infrastructure**; most of which lies out of sight below ground. The City Council approved a comprehensive long term financing plan last year that will provide the necessary funding to complete rehabilitation of the system over the next 20 years. We are now in the final stages of completing development of Master Plans for both the water and the sewer systems that will chart the course for new sewer and water infrastructure improvements over the next several years throughout San Bruno.

In the area of technology infrastructure, our very own **San Bruno Cable**, provider of cable, telephone and high-speed internet services to San Bruno homes and businesses continues to evolve with a quickly changing industry by ensuring the highest quality technical and customer service available in the industry. Infrastructure was extended or rebuilt to provide cable television and high-speed Internet service to development areas and to local schools and we added additional circuitry to the backbone of our City-wide high-speed internet service to insure system redundancy.

The City was pleased to be able to offer other new and expanded community amenities over the past year with the dedication of the **Community Recognition Sculpture** in City Park and completion of the **Lions Field** synthetic grass project. This synthetic grass athletic field now allows us to offer space for year-round play in several different sports at a minimum maintenance cost. At our Library, we opened a new **Homework Center** featuring computers, tutoring and a supervised quiet study place that is serving approximately 20 students each school day. Another "gem" of San Bruno, our **Senior Center**, remains active serving hundreds of Seniors every day with the best Senior

Services program around. During the past year we were pleased to be able to replace the 14-year old Senior Center bus with a brand new, fully accessible 20-passenger bus that is now in daily use for transportation to and from the Center and trips to local destinations.

I want to devote the final portion of my comments to our City's continuing priority and work effort toward the full rebuilding of the **Crestmoor neighborhood** that was so tragically devastated by the PG&E gas transmission pipeline explosion that occurred on September 9, 2010, now just under 2 ½ years ago. But it is not just the physical rebuilding of the neighborhood that is critical to San Bruno. Our abiding focus and considerable continuing work effort remains dedicated to assuring the community's full recovery from the impact of the disaster. We remain committed to doing everything we can to achieve restitution for the San Bruno community and to assure that what happened that day in our community never happens again anywhere, ever.

In the area of **restitution**, the City achieved a precedent-setting victory in negotiating a monetary settlement with PG&E in 2012 to recognize the extreme and continuing impact of the disaster on the entire community and to provide resources for long-term use within the community beyond the rebuilding of the Crestmoor neighborhood. The settlement included transfer of 5 vacant lots in the neighborhood to the City and \$68,750,000 in cash for a total settlement value of \$70 million. The settlement agreement requires the City to establish a separate not for profit entity that will be responsible for assessing community interests and determining the use of the funds. The City Council will complete formation of the not for profit in the early part of 2013 and beginning this year, the community will have a full opportunity to participate in the important decisions on the use of the funds that will be made moving forward.

In the neighborhood itself, the City continues to support the residents who have chosen to **rebuild** their homes and return to the neighborhood. Of the 38 homes that were destroyed and the 17 that were severely damaged, 14 beautiful new homes have been rebuilt and the families have moved back home. We are scheduling a small ceremony

every few months to welcome these residents back home and to commend their initiative and commitment to rebuild. Each of these events and each new home lends a real sense of optimism to a neighborhood and a community that will not be defeated by tragedy. Six additional homes are in varying stages of construction, and two are in the planning phase. Nearly all of these returning homeowners have participated in the City's Rebuilt it Green Program that provides grants for energy efficiency upgrades. Two homes qualified as LEED Platinum, our Nation's highest level of building energy efficiency.

In the **public area** of the neighborhood, the City is working on a plan for the eventual development of the vacant lots that are now owned by the City and those owned by PG&E. We will begin early this year to work with residents in the neighborhood to plan for establishment of new community park space at the intersection of Glenview and Claremont Drives.

Over the past several months the City has completed the second phase of a four-phase project to rebuild the entire infrastructure in the Crestmoor neighborhood. All new underground, water, sewer and storm drain infrastructure is now in place throughout the fire-damaged area of the neighborhood. Work to replace infrastructure throughout the entire neighborhood will begin in the next few months. This work will be followed by another project to resurface the streets and install new streetlights and other above ground infrastructure beginning later this year. As you can imagine, a project of this magnitude is messy and disruptive for our residents whose lives have already been terribly disrupted by difficulty and tragedy. We appreciate their patience and we admire their persistence to achieve full restoration of their lives.

At the same time as the City is working to support full rebuild of the physical community, the City is also continuing to play a strong leadership role to address and correct the many and complicated issues that led to the disaster here. The City was a full and active participant in the year-long National Transportation Safety Board investigation into the cause of the explosion that concluded in 2011. That investigation put a

spotlight on the failure of the utility company and the state regulator to provide a safe utility system for the residents of San Bruno and of the State of California through its strong findings and its many recommendations to correct those failures. The City devoted this past year to participation in the on-going proceedings through our state's utility regulator, the **California Public Utilities Commission** to assess penalties and to identify and assure completion of the necessary corrective actions. We have a team of dedicated legal and other experts working with our staff on these issues on an every day basis. This effort is critical because we believe that real change is needed to assure that we and other communities like ours are safe. We want to see that some positive comes out of our experience by making sure that the needed improvements happen.

In **conclusion**, and with great pride I can say that it is clear that San Bruno has weathered the storm brought on by our Nation's second most challenging economic downturn and our own catastrophic disaster of 2010. San Bruno's past shows a strong track record of success and dedicated focus on improvement. Importantly, our future is bright. On the economic and operational front, our city is not discussing the actions that must be undertaken to dismantle and survive, but instead, we are undertaking initiatives to build, grow and flourish. On the horizon are the exciting new community amenities of the Crossing hotel and the new development in the Transit Corridors Plan area. Additionally, bright new opportunities will emerge as the community charts its future through the community visioning process and creation of the not for profit to manage and distribute the \$70 million PG&E settlement.

In closing, I will say that I have never been more proud of the San Bruno community, our City staff and my colleagues on the San Bruno City Council who work together as a team and whose abiding commitment to well being and continuing improvement of the San Bruno community remains unwavering.

Our continuing partnership with the Chamber and with our business community is vital to the future of San Bruno. I look forward to working with you in 2013 and the years to

come and I encourage you as leaders in our community to remain engaged as we explore and capture the opportunities ahead.

Once again, thank you for your commitment to San Bruno and for the invitation to speak with you today. I wish you all a very prosperous 2013.

Thank you.